

## Article - Local Government

[\[Previous\]](#)[\[Next\]](#)

§19–224.

(a) This section applies only to the following governmental entities:

- (1) a county;
- (2) a municipality;
- (3) a public corporation or other political subdivision of the State; and
- (4) any instrumentality or agency of a county, municipality, public corporation, or other political subdivision of the State.

(b) (1) A bond or grant anticipation note issued under Part III of this subtitle shall be considered investment securities to the extent set forth in this section.

(2) If a bond issued by a governmental entity otherwise complies with the requirements of the Commercial Law Article for investment securities, the bond shall be considered to be an investment security notwithstanding that:

(i) the ordinance, resolution, or other authority under which the bond is issued subjects the bond to an indenture or agreement that is separate from the ordinance, resolution, or authority;

(ii) the ordinance, resolution, or other authority under which the bond is issued limits payment of principal and interest to:

1. the proceeds of limited sources of revenue; or
2. a special fund established for that purpose;

(iii) any law limits payment of principal and interest to a certain amount or rate of tax that may be imposed; or

(iv) principal or interest are registrable.

(c) A bond that is considered to be an investment security under subsection (b) of this section has all the attributes of an investment security that are possessed by a bond that is:

- (1) issued on the full faith and credit of the governmental entity;
- (2) payable to bearer; and
- (3) secured as to the payment of principal and interest by the unlimited taxing power of the governmental entity.

[\[Previous\]](#)[\[Next\]](#)